

**MINUTES
JOINT MEETING
OF THE
TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
&
TRANSYLVANIA COUNTY BOARD OF EDUCATION
March 5, 2013 – Rogow Room, Transylvania County Library**

The Transylvania County Board of Commissioners met jointly with the Transylvania County Board of Education on Tuesday, March 5, 2013 in the Rogow Room at the Transylvania County Library. The purpose of the meeting was to review and discuss the needs of the Transylvania County School System.

Commissioners present were Vice-Chairman Larry Chapman, Chairman Mike Hawkins, Daryle Hogsed and Page Lemel. Commissioner Jason Chappell was absent due to the birth of his son. Also present were County Manager Artie Wilson, Finance Director Gay Poor, and Clerk to the Board Trisha Hogan.

Board of Education members present were Sue Fox, Ron Kiviniemi, Vice-Chairman Cindy Petit, Chairman Tawny McCoy, and Mike Rogers. Also present were Superintendent Jeff McDaris, Finance Director Norris Barger, and Assistant Jenny Hunter.

Media: *The Transylvania Times* – Jeremiah Reed

There were approximately 40 people in the audience.

CALL TO ORDER/ WELCOME

Chairman Mike Hawkins presiding called the Board of Commissioners meeting to order at 7:04 p.m. and welcomed everyone to the meeting.

Chairman Tawny McCoy presiding called the Board of Education meeting to order at 7:05 p.m. and welcomed everyone to the meeting as well.

INTRODUCTION OF MEMBERS

Chairman Hawkins introduced the members of the Board of Commissioners and staff in attendance. He asked everyone to keep Commissioner Chappell in their thoughts and prayers as he and his family deal with the birth of their new son who was born with medical complications.

Chairman McCoy introduced the members of the Board of Education and staff in attendance.

Prior to discussion, Chairman Hawkins explained for the benefit of the public that this is the first of two joint meetings of these Boards. Both Boards are very early in their budget process and this is an informational meeting to understand the issues both Boards are facing. He expects no action to be taken at this meeting.

DISCUSSION OF CURRENT SPENDING NEEDS

Chairman McCoy first shared some good news going on in the school system. This year there is an increase in enrollment. Rosman High School had one of the highest graduation rates in the

State at 97.5%. Also, the school system has collaborated with Blue Ridge Community College to develop an advanced manufacturing training center. This program will expand to a mechatronics program in 2013 thanks to a grant from the Golden Leaf Foundation.

Chairman McCoy spoke about the Board of Education's vision for the schools. The Board of Education has defined its vision for the future to include continuing to provide a quality and exceptional education currently being provided in all nine of the schools. She said the operating and capital expense documents presented to Commissioners at this meeting are based on this vision. She pointed out the documents being provided are not the budget requests, but rather working documents.

Finance Director Norris Barger presented a detailed line item budget by program to Commissioners. He reviewed a summary of the anticipated FY 2014 budget changes as follows:

<u>FY 2014 Anticipated Budget Changes</u>	<u>Increase in County Appropriation</u>
1. Retirement increase (14.23% to 14.59%)	\$ 17,001
2. Health insurance increase (6% to \$5,504)	\$ 28,962
3. Unemployment insurance rate change	\$ 26,500
4. TC Henderson SRO	\$ 52,702
5. Increase in State discretionary reduction	\$ 39,200
6. 2% COLA	\$ 75,506
7. BES Asst. Principal	\$ 71,903
8. Appropriated fund balance (partially restore FY 13 cut)	<u>\$197,559</u>
	\$509,333 (5.5% increase)

Mr. Barger explained some of the items in greater detail.

5.) There is a scheduled increase in the State discretionary reduction. The school system has been sending money back to the State the last four years after the State had allotted funds to them. That amount of money is scheduled to increase this year unless the legislature passes a law to change that. 7.) The Principal at Brevard Elementary School, the largest elementary school in the county, has asked for an Assistant Principal. The position was eliminated several years ago during budget cuts. This school has a large exceptional children population and has lots of needs. 8.) The FY 2014 projection would reduce appropriated fund balance and partially restore the FY 2013 cut. The school system would still need to appropriate almost \$1.1 million in next year's budget out of the fund balance to balance their budget. The FY 2014 budget anticipates that the school system receives the same funding in current expense from two years ago. Mr. Barger noted that any of these figures could change since the legislature is still in session.

Superintendent Dr. Jeff McDaris noted that an item not mentioned here is the Child Nutrition program which is losing money. The requirements by the federal government have become stricter and therefore the school system has less flexibility with the foods they can serve. At the same time, the number of students participating in the free and reduced lunch program is increasing. The reimbursements received from the State and federal governments are not keeping up with the costs. Right now, the Board of Education is unsure what they want to do to resolve this. They could ask for additional funds from the federal, State or local government, or increase lunch prices, or some combination of those.

QUESTIONS AND DISCUSSION ON CURRENT SPENDING

Commissioner Lemel received clarification on the general population and EC population at both Brevard and Pisgah Forest Elementary schools.

Chairman Hawkins asked for clarification about the draw down of their fund balance to meet current expense. Dr. McDaris confirmed that they intend to draw down \$1.1 million in fund balance to meet current expense.

The Manager inquired about the Child Nutrition Program deficit. He noted that a few years ago the County funded an additional \$100,000 to this program. Mr. Barger explained that the \$160,000 loss the school system experienced last year is in addition to the \$100,000 increase by the County. Chairman McCoy informed Commissioners that the Board of Education has yet to have the discussion about how to deal with the shortfall.

Commissioner Chapman assumed most of the anticipated budget changes are State mandates. Dr. McDaris reported yes, noting that if there is a COLA increase for State employees the County would pay the increase for the locally funded employees. Mr. Barger noted that all the items listed are mandated items, except for the TC Henderson SRO, the BES Asst. Principal, and the fund balance appropriations.

Commissioner Lemel commented that the way the budget is being presented is confusing to someone who is not used to working with it every day. She wondered if there was a simpler way to present the budget in terms of expenses broken down by programs, classrooms, administrative, etc. Dr. McDaris explained that the budget is divided according to program codes. Chairman McCoy reminded Commissioners that this is the current spending and is only a portion of their budget; the other funding comes from State and federal funding. Mr. Barger will accommodate Commissioner Lemel's request. He said he can easily divide the budget into categories, such as personnel, instructional, contract services, etc. and asked her to put her request in writing.

Commissioner Chapman commented the leaders in Raleigh have committed to being out of session by June 1. He asked if the Board of Education anticipates any surprises with the State budget that could have a major impact on their budget. Dr. McDaris said they do not know of any surprises. They usually have a better idea after the April 15 tax deadline. The State is anticipating an increase in revenues. He noted that the COLA is not set in stone. The Governor also has initiatives he is pushing for but Dr. McDaris does not know if these initiatives will be assigned additional revenues. Mr. Barger said the biggest unknown is the possible sequestration with the federal government. The latest news is the impact could be 6% if no agreement is reached.

Commissioner Chapman asked if any changes in the lottery distribution are expected. Dr. McDaris said the education appropriations committee recommended that lottery funds also be allowed for technology purposes. That is a plus for Transylvania County.

Board of Education member Mike Rogers said he was in Raleigh yesterday for the School Board Association meeting. At that meeting he was presented a schedule for the budget process. The Governor will release his budget on March 18. The Senate will discuss their budget from April 15 through May 9. The House discusses its budget from May 13 through May 30.

The Manager stated that in looking at last year's budget, the unassigned fund balance totaled \$1.8 million. For FY 2014 the Board of Education anticipates drawing down \$1.1 million, leaving

\$700,000 at the end of the year. Mr. Barger confirmed the Manager's statements. The Manager pointed out that FY 2014 would be the last year the Board of Education could draw down this amount. Chairman McCoy said the Board would like to keep its fund balance at an 8-10% level which is a sustainable amount for operational expenses.

Commissioner Hogsed asked if the Board of Education anticipates any other increases for staff besides the 2% COLA. Dr. McDaris responded no. Mr. Barger noted that teachers who earn their National Boards certifications usually receive a salary increase.

DISCUSSION OF CAPITAL NEEDS

Chairman McCoy stated that while Board members were making their facility tours this year, they often found themselves referring back to their master plan that they prepared about five years ago. They also typically prepare a five year capital outlay plan. She commented that working with two documents at the same time is not always easy, so Mr. Barger merged the two documents which he presented to the Board of Commissioners. This document is a reflection of the master capital plan which does include some rather expensive items in terms of future improvements and additions. They also presented a two year capital outlay plan to improve their school infrastructure. Each capital need has been prioritized and categorized.

QUESTIONS AND DISCUSSION ON CAPITAL

Commissioner Chapman inquired about the status of the fundraising for the turf field. Dr. McDaris said he is unaware of any recent meetings and the last meeting he attended was approximately a year ago. The cost of a turf field is approximately \$700,000. He noted that it is not listed as a capital request. It is a place holder in their capital budget based on donations received. Mr. Barger noted that the art gallery project has been revamped as well. The donations raised will go toward that project which has been reinvented as a galleria instead of an art gallery.

The Manager stated that the request appears to be \$2.5-2.6 million, but noted that nearly a \$1 million is recurring each year. He asked Dr. McDaris to explain for the benefit of Commissioners and the public. Dr. McDaris stated that each year there will be costs for furniture and equipment, media equipment, etc. A few years ago these costs were cut and he expects to restore the budget back up to 100% in FY 2014.

Chairman Hawkins said he sees some larger capital items listed but he understands the buildings are old. He noted that the County is nearing the end of a bond cycle. In looking at the line items, though, they are not all related to the age of the buildings. Dr. McDaris said the capital items are related to a lot of factors, age being one of them. Technology and programs have changed over the years and overall things cost more. Equipment is more modern and more expensive to update as well. As far as the bonds are concerned, he said the County used to average issuing bonds every 10 years. The last one was in 1999. Mr. Barger noted that one of the biggest changes over the last decade and since the last bond issue has been the heightened awareness of the safety and security of schools. Many of these items are top priority. Dr. McDaris said there are some exciting things happening as well, like now all students have laptops they can take anywhere.

Mr. Rogers highlighted some of the needs in the schools. Several of the schools need new HVAC systems which are nearly four decades old and inefficient. When the Board of Education members took a tour of their facilities, they witnessed trash cans and buckets catching water from leaking ceilings and roofs. Maintenance staff is completing lots of patch jobs and some of the jobs are beyond their scope of expertise. In terms of security, some schools are too easily

accessible by members of the public. He said Pisgah Forest Elementary School is the model as far as having a secure school.

Commissioner Chapman provided some background information for the public. In 2009, the County appropriated \$1.7 million in capital outlay and \$1.05 million in FY 2010 and FY 2011. In FY 2012 it was reduced to \$750,000 and was back up to \$1 million last year. For FY 2014 the Board of Education is anticipating a significant increase in capital outlay in the amount of \$2.6 million dollars which reflects how they have been holding costs down. He said citizens are reaching a point that a decision needs to be made about continuing to fix problems through patch jobs or find long term solutions through the use of bonds, higher taxes, school consolidation, etc. Commissioner Chapman said it is important to have good school facilities. Dr. McDaris thanked Commissioner Chapman for his comments. He reported on the age of the structure of the school buildings ranging from 1923 to 1991.

Mr. Rogers reported that there are also a few restrooms that are not usable at Brevard High School. He appreciates the fact that some Commissioners are coming out to visit some of the facilities at the end of the week so they can see what school officials see on a daily basis. Commissioner Chapman responded to Mr. Rogers that the County has reserves available to assist the school system in desperate situations and he encouraged the Board of Education to come to the County if it comes to that. He hopes the relationship between the two Boards is open so the Board of Education can feel comfortable coming to the County if needed. Dr. McDaris agreed with Mr. Rogers that there are poor structural issues at Brevard High School. Despite that, it does not affect the outstanding teaching and learning opportunities going on in the classrooms.

Board of Education member Ron Kiviniemi emphasized that the issue of a turf field at Brevard High School is not a request by the Board of Education. It is listed in the budget and dependent upon private funds being raised to cover the cost.

Chairman Hawkins stated that through a budget the Board indicates what is important to them. A budget essentially enacts a policy statement and involves a lot of different components. He asked how the Board of Education can begin thinking more long term, especially in the area of capital, in terms of class sizes, improved technology, etc. He wondered if there was a way the County and school system could collaborate in thinking more long term instead of from year to year. Chairman McCoy said the Board of Education has been discussing its long term needs. If there was a large influx of capital put into the facilities to get them into excellent condition, then the Board of Education would have a better idea of what it take to maintain the facilities each year.

Chairman Hawkins stated that it is important to research trends and determine what is important to the citizens when planning for long term education needs and that every option should be on the table, including consolidation. Having a vision is critical and he offered the County's assistance. Dr. McDaris said schools are an extremely important part of economic development because having good schools attract people. He said this county is lacking in blue collar jobs. Blue collar families tend to be younger families and tend to be those that have children in the schools. In terms of consolidation, he said the years of enrollment decline are directly related to the decline in industrial jobs in the county. Dr. McDaris compared the school system in 1978 when he was a student to today in terms of classroom size and program changes. The 20+ classrooms from 1978 with approximately 30 students in each classroom would be the equivalent of putting Rosman High School into Brevard High School, or vice versa, which is impossible. His point is that 2013 is much different than 1978. He argued against school consolidation because he has read studies about small schools and their importance to a community. Dr.

McDaris also stated that consolidation does not save money in terms of transportation and administrative costs and new schools are costing \$60 to \$70 million to construct these days. Dr. McDaris said the fact remains that if the conversation is going to be had about consolidation, the conversation should be framed in the context of what the end result will be. If the conversation is simply in the context of saving money, he assured everyone that it will not save money.

Chairman Hawkins said his comments were not intended to start a conversation on consolidation, but there is an immediate reaction by the public to resist consolidation without a willingness to look at it in a systematic way. He pointed out that both Boards have a wonderful opportunity to look at what they want the delivery of education services to look like in the future. Chairman McCoy said the Board of Education has a vision for the schools and for the future they envision the same number of schools as there is now. They are model schools and the Board of Education is proud of all of them.

Commissioner Lemel said she does not like the word consolidation either and a better word would be a reallocation of resources. She said one of the challenging discussions that should be had is looking at magnet programs to allow the small schools to excel in specific areas. She thinks it would be very helpful to look at what it costs to operate each of the schools. One of her big platforms as a County Commissioner is to get the public engaged because it is their tax dollars being spent on County and school operations. She thinks it is important that citizens have a loud voice in the decisions made by both elected Boards and for them to have an understanding of the different costs involved in operating the schools. Commissioner Lemel emphasized that she is a huge advocate of public schools. She pointed out that bond rates are ideal now and there will never be a better time to borrow money to improve the schools than now. However, she thinks it is up to the community to decide if they want the Board of Education to continue to operate nine separate schools in this county.

Chairman McCoy said while Commissioners are part of this process because they provide funding for the schools, Commissioners should trust the Board of Education because education and the schools are their passion. Furthermore, there is constant conversation with school staff about what is best for the school system. They also want the public engaged, but asked Commissioners to trust the Board of Education and allow them to do what they are elected to do. Commissioner Lemel encouraged the members of the public to attend Board of Education meetings, just as they attend County Commission meetings, so that both Boards can serve them appropriately.

Commissioner Chapman commented about blue collar jobs and said he hears around the community that the school system is not preparing students for the workforce, particularly those that are not going off to college. He hopes money is being spent on programs to prepare students for jobs. Dr. McDaris reported that the mechatronics program is addressing this very issue. Programs like these provide opportunities for students to be able to live here after graduation. The nursing program does the same thing. A number of students choose to live elsewhere every year because of their occupations. Unfortunately, many employers here do not have the benefit of seeing some of the best students Transylvania County has to offer because it is a challenge for young couples to be able to afford to live here.

Dr. McDaris expressed appreciation for the opportunity for both Boards to come together and discuss issues in a workshop format. He agreed it is important for people to attend meetings of their elected boards.

Commissioner Chapman said there is a lot of emphasis on the virtual classroom. He asked if technology is going to move the County away from the traditional classroom and buildings. Dr. McDaris' observation is that people are still in the early stages of figuring out how to learn and teach with technology. He believes it is healthier to be in the classroom where students have interaction with others. Dr. McDaris hopes this nation does not reach a point where people do not know how to interact with others.

Commissioner Hogsted stated that he intends to work toward helping the Board of Education bring the school facilities back up to par. He had difficulty understanding how some of the facilities have gotten to this point while unallocated fund balance and available lottery funds totaled \$3.7 million last year. He pointed out although the capital spending has been reduced over the last five years; the total money allocated by the County has increased. Mr. Barger noted that the projected capital plans for FY 2014 does include a drawdown of lottery funds in the amount of \$400,000 and an additional \$400,000 in FY 2015, assuming \$230,000 in revenue each year, bringing the balance down to \$300,000 in lottery funds. He believes this is a minimum amount to keep in case of emergency. As mentioned earlier, the current expense fund balance is \$1.8 million and the Board of Education intends to draw down \$1.1 million in FY 2014, leaving a balance of \$700,000.

Commissioner Chapman asked for a summary request. Mr. Barger said as of now, with the known items from the State, the current expense request is \$509,000 above the current year and another \$1 million in capital, which is a \$1.5 million total increase. He asked Commissioners to keep in mind that the current expense request will get the school system back to the level of two years ago. The total increase equates to approximately 15%.

CLOSING REMARKS

Mr. Kiviniemi thanked Commissioners for the opportunity to meet and discuss the needs of the school. He committed 36 years of his life as a public school educator and believes in the value of a public education. He knows both Boards want the best school system possible for Transylvania County.

Mr. Rogers said the local economy and the structure of the County have evolved over the years. He believes the Board of Education wants to align with the County, the City of Brevard and the Town of Rosman to have a common vision for economic development. Whatever that vision is, the school system needs to be ready to provide the courses and classes to enable the students to be job ready.

Board of Education member Sue Fox thanked both Boards for this meeting.

Board of Education Vice-Chairman Cindy Petit thanked the Board of Commissioners as well. She encouraged officials to tour the schools to see what they see on a daily basis. She thanked Commissioners for their support of the schools.

Commissioner Lemel said she plans to take the tour of the school facilities on Friday.

Commissioner Chapman appreciated this first meeting of the two Boards. He said the County is still struggling as a whole and this needs to remain in everyone's minds because the economy has not changed. He encouraged the Board of Education to make sure their needs are prioritized. Technical education is an important issue for him and ensuring that students are ready for the workforce. Having clean, safe and secure schools is also a priority for him.

Chairman Hawkins commented about young people being prepared for the workforce, saying that includes soft skills as well as hard skills, where kids learn not just through classroom experiences but also through examples. He asked both Boards to be a model for the students as both Boards work through the budget process over the next couple of months.

Chairman McCoy encouraged Commissioners to ask questions about their budget. She also said the Board of Education wants to be part of the economic development process.

Commissioners intend to meet again with the Board of Education in a joint meeting in May.

PUBLIC COMMENT

Gerry Hunsicker: Mr. Hunsicker stated that his family moved here over 20 years ago because of the excellent school system. He said he does not envy either Board as they work through this budget process, particularly with the State mandates and requirements. Mr. Hunsicker said he values teachers and is concerned with all they have to deal with because of the change in the culture, emotional issues in children, broken homes, lack of respect, etc. He believes teachers do an incredible job with what they have to work with and it is important that they are supported.

Mark Tooley: Mr. Tooley applauded both Boards for what they do and for their willingness to work with each other. He offered his observation on several topics. In terms of School Resource Officers and capital expenditures for security, he encouraged the Boards to look at this issue holistically and determine if there are best practices because of the cost involved. Mr. Tooley agreed with Commissioner Lemel that now is the time to borrow money because the problems with the school facilities are only going to get more expensive. Mr. Tooley encouraged Commissioners to scrutinize the school budgets as they do their own County department budgets. He pointed out that the County has many organized recreational needs and he believes the Board of Education should be a partner in this effort. Mr. Tooley also commented about virtual classrooms and he said there is no substitute for having a teacher in the classroom. Lastly, he said to be an exceptional community there has to be exceptional schools. He believes Transylvania County schools are exceptional schools.

Jeremy Gibbs: Mr. Gibbs is the Principal at Brevard High School. He wanted Commissioners to understand there are very hard working students, teachers and staff who all do their part to maintain their schools. He works to instill pride in the students at his school. There are great things going on in the schools but there are struggles sometimes as well. The students here are excellent and discipline is minimal. His message would be why wouldn't someone want to attend Transylvania County Schools. He moved here as well for the schools and the area, not for the money.

Sam Edney: Mr. Edney commented that the Board of Education is obligated to go with the low bidder when constructing a building. With the age of the school facilities, being required to go with the low bidder can cause problems. He said when he first moved here and purchased a business, his accountant told him that prosperity cannot be achieved by savings. Mr. Edney said economic development is much needed in this County and that is going to require money being spent. He encouraged both Boards to come together with a common vision and a common effort to achieve a common goal because successful communities lead with education. Mr. Edney reminded Commissioners that the Goldsmith Report on economic development pointed out that a negative in the County was the conditions of the school facilities. He stated that teachers spend their own money in the classroom on materials and supplies and they have not had a salary increase in five years. Although much has changed in education, not much has changed in terms

of running the school system. He encouraged Commissioners to trust the school system and for both Boards to work together.

Kevin Smith: Mr. Smith said his family relocated here from New York specifically for the quality of life and the school system. During the discussion on school security, he remembered having to be buzzed in at schools in New York. Although the schools here feel like neighborhood schools, he is concerned about how easy it is to get into the school facilities. Mr. Smith also agreed addressing soft skills in children is very important. He thanked both Boards for what they do for the County and the school system.

ADJOURNMENT

Chairman Hawkins thanked everyone for attending this meeting. It is important for the citizens to be engaged especially as both Boards look at some very challenging issues. He reminded everyone that there is another joint meeting scheduled for May.

There being no further business to come before the Board of Commissioners, **Commissioner Lemel moved to adjourn the meeting, seconded by Commissioner Chapman and unanimously carried.**

There being no further business to come before the Board of Education, **Ms. Fox moved to adjourn the meeting, seconded by Ms. Petit and unanimously carried.**

Mike Hawkins, Chair
Transylvania County Board of Commissioners

ATTEST:

Trisha M. Hogan, Clerk to the Board